

VILLAGE OF PINCKNEY

47-3020

REPORT ON AUDIT OF
GENERAL PURPOSE FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED FEBRUARY 29, 2004

AUDITING PROCEDURES REPORT

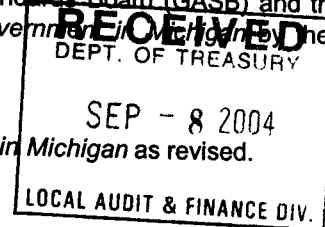
Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Village of Pinckney	County Livingston
Audit Date February 29, 2004	Opinion Date July 12, 2004	Date Accountant Report Submitted to State: August 29, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.



We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☒ yes ☐ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) PFEFFER, HANNIFORD & PALKA			
Street Address 225 E. GRAND RIVER, SUITE 104		City BRIGHTON	State MI
Accountant Signature <i>Gayle</i>		ZIP 48116	

VILLAGE OF PINCKNEY

VILLAGE OFFICIALS

President - Patrick Dewey
Clerk - Amy Felty
Treasurer - Judith Paul

VILLAGE COUNCIL TRUSTEES

Carol Norman
Rebecca Foster
James Shay
Jeffrey Teachout
Hal Forgie
Robert Stone

VILLAGE ATTORNEY

Miller, Kehoe and Associates

VILLAGE AUDITORS

Pfeffer, Hanniford & Palka
Certified Public Accountants

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PFEFFER • HANNIFORD • PALKA*Certified Public Accountants*

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July 12, 2004

To the Village Council
Village of Pinckney
220 S. Howell
Pinckney, Michigan 48169

INDEPENDENT AUDITORS' REPORT

Honorable Council Members:

We have audited the accompanying general purpose financial statements of the Village of Pinckney as of and for the year ended February 29, 2004, as listed in the table of contents on pages 10 - 32. These general purpose financial statements are the responsibility of the Village Council. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The general purpose financial statements referred to above do not include financial data of the Pinckney Auxiliary Police Officers Association, which should be included in order to conform with accounting principles generally accepted in the United States of America. See Note 13 for details regarding omission of this component unit.

In our opinion, except for the omission of the information discussed in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Pinckney, as of February 29, 2004, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Village of Pinckney
Independent Auditors' Report

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as supplementary information on pages 35 - 89 in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Village of Pinckney. Such information has been subjected to the auditing procedures applied in our audit of the general purpose financial statements, and in our opinion, is fairly stated in all material respects when considered in relation to the general purpose financial statements taken as a whole.

Pfeffer, Hanniford & Palka

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

GENERAL PURPOSE FINANCIAL STATEMENTS

COMBINED
FINANCIAL
STATEMENTS

VILLAGE OF PINCKNEY
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
FEBRUARY 29, 2004

	Governmental Fund Types		Proprietary Fund Type
	General	Special Revenue	Enterprise
<u>ASSETS</u>			
ASSETS			
Cash	\$ 633,324	\$ 633,947	\$ 929,277
Receivables			
Taxes	2,162	42,441	
Special assessments			526,907
State shared revenues	21,479		
Accounts	27,512	26,135	212,935
Inventory			1,200
Prepaid expenditures	39,365	6,937	15,528
Due from other funds	20,034		35
Restricted assets			
Cash			3,058,459
Fixed assets, net of depreciation			6,571,757
Amount to be provided for retirement of debt			
Total assets	<u>\$ 743,876</u>	<u>\$ 709,460</u>	<u>\$ 11,316,098</u>
<u>LIABILITIES AND FUND EQUITY</u>			
LIABILITIES			
Accounts payable	\$ 17,634	\$ 12,345	\$ 31,794
Accrued expenditures/expenses	1,235		20,333
Accrued liability for vested compensated absences	53,057		
Capital lease payable			325,000
Bonds payable			
Payable from restricted assets			610,000
Bonds payable			
Deferred revenue	20,606		
Due to other funds		12,850	2,028
Due to others			
Total liabilities	<u>92,532</u>	<u>25,195</u>	<u>989,155</u>
FUND EQUITY			
Investment in general fixed assets			
Retained earnings			
Reserved			459,976
Unreserved			9,866,967
Fund balance			
Unreserved	651,344	684,265	
Total fund equity	<u>651,344</u>	<u>684,265</u>	<u>10,326,943</u>
Total liabilities and fund equity	<u>\$ 743,876</u>	<u>\$ 709,460</u>	<u>\$ 11,316,098</u>

The accompanying notes are an integral part of these financial statements

Fiduciary Fund Type	Account Groups		Totals	
	General Fixed Assets	General Long Term Debt	(Memorandum Only)	
			Feb. 29, 2004	Feb. 28, 2003
Agency				
\$ 42,707	\$	\$	\$ 2,239,255	\$ 2,033,346
			44,603	15,502
			526,907	582,093
			21,479	26,673
			266,582	251,209
			1,200	1,200
			61,830	54,072
			20,069	38,325
	717,000		3,058,459	2,875,864
			7,289,993	7,513,097
		31,630	31,630	20,102
<u>\$ 42,707</u>	<u>\$ 717,000</u>	<u>\$ 31,630</u>	<u>\$ 13,562,007</u>	<u>\$ 13,411,483</u>
\$	\$	\$	\$ 61,773	\$ 33,326
			21,568	21,087
		31,630	53,057	55,055
			31,630	20,102
			325,000	340,000
			610,000	630,000
5,191			20,606	20,755
37,516			20,069	38,325
			37,516	58,270
<u>42,707</u>		<u>31,630</u>	<u>1,181,219</u>	<u>1,216,920</u>
	717,000		718,236	706,007
			459,976	
			9,866,967	10,350,442
			1,335,609	1,138,114
	717,000		12,380,788	12,194,563
<u>\$ 42,707</u>	<u>\$ 717,000</u>	<u>\$ 31,630</u>	<u>\$ 13,562,007</u>	<u>\$ 13,411,483</u>

VILLAGE OF PINCKNEY
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED FEBRUARY 29, 2004

	General	Special Revenue	Totals (Memorandum Only)	
			Feb. 29, 2004	Feb. 28, 2003
REVENUES				
Taxes	\$ 515,719	\$ 220,420	\$ 736,139	\$ 693,134
Grant revenue				58,619
Licenses and permits	12,756		12,756	13,808
Intergovernmental - state and local	172,678	136,782	309,460	319,280
Charges for services	91,118	28,400	119,518	100,465
Fines	18,518		18,518	13,408
Tower rental	38,978		38,978	37,998
Interest	7,259	7,498	14,757	18,048
Other	28,088	6,215	34,303	89,259
Total revenues	885,114	399,315	1,284,429	1,344,019
EXPENDITURES				
General government	312,425		312,425	467,243
Community development	38,993	15,508	54,501	27,514
Law enforcement	313,312	933	314,245	299,730
Sanitation	81,707		81,707	78,633
Public works	123,612		123,612	124,661
Cemetery, highways, streets and bridges		240,952	240,952	209,075
Total expenditures	870,049	257,393	1,127,442	1,206,856
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	15,065	141,922	156,987	137,163
OTHER FINANCING SOURCES (USES)				
Operating transfers in	26,162	134,750	160,912	115,122
Operating transfers (out)	(8,250)	(152,662)	(160,912)	(115,122)
Proceeds from lease	40,508		40,508	
Total other financing sources (uses)	58,420	(17,912)	40,508	
Excess (deficiency) of revenues over expenditures after other financing sources (uses)	73,485	124,010	197,495	137,163
FUND BALANCE, MARCH 1, 2003	577,859	560,255	1,138,114	1,000,951
FUND BALANCE, FEBRUARY 29, 2004	\$ 651,344	\$ 684,265	\$ 1,335,609	\$ 1,138,114

The accompanying notes are an integral part of these financial statements

VILLAGE OF PINCKNEY
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL AND SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED FEBRUARY 29, 2004

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Taxes	\$	\$ 515,719	\$
Licenses and permits		12,756	
Intergovernmental - state and local		172,678	
Charges for services		91,118	
Fines		18,518	
Tower rental		38,978	
Interest		7,259	
Other		28,088	
Total revenues	<u>859,887</u>	<u>885,114</u>	<u>25,227</u>
EXPENDITURES			
General government		312,425	
Community development		38,993	
Law enforcement		313,312	
Sanitation		81,707	
Public works		123,612	
Highways, streets and bridges			
Total expenditures	<u>891,347</u>	<u>870,049</u>	<u>21,298</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(31,460)</u>	<u>15,065</u>	<u>46,525</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in		26,162	
Operating transfers (out)		(8,250)	
Proceeds from lease		40,508	
Total other financing sources (uses)	<u>32,087</u>	<u>58,420</u>	<u>26,333</u>
Excess (deficiency) of revenues over expenditures after other financing sources (uses)	627	73,485	72,858
FUND BALANCE, MARCH 1, 2003	<u>577,859</u>	<u>577,859</u>	
FUND BALANCE, FEBRUARY 29, 2004	<u>\$ 578,486</u>	<u>\$ 651,344</u>	<u>\$ 72,858</u>

The accompanying notes are an integral part of these financial statements

Special Revenue Funds			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$	\$ 220,420	\$	\$	\$ 736,139	\$
	136,782			12,756	
	28,400			309,460	
				119,518	
				18,518	
	7,498			38,978	
	6,215			14,757	
				34,303	
<u>320,735</u>	<u>399,315</u>	<u>78,580</u>	<u>1,180,622</u>	<u>1,284,429</u>	<u>103,807</u>
				312,425	
	15,508			54,501	
	933			314,245	
				81,707	
				123,612	
	<u>240,952</u>			<u>240,952</u>	
<u>291,353</u>	<u>257,393</u>	<u>33,960</u>	<u>1,182,700</u>	<u>1,127,442</u>	<u>55,258</u>
<u>29,382</u>	<u>141,922</u>	<u>112,540</u>	<u>(2,078)</u>	<u>156,987</u>	<u>159,065</u>
	134,750			160,912	
	(152,662)			(160,912)	
				40,508	
<u>(32,600)</u>	<u>(17,912)</u>	<u>14,688</u>	<u>(513)</u>	<u>40,508</u>	<u>41,021</u>
(3,218)	124,010	127,228	(2,591)	197,495	200,086
<u>560,255</u>	<u>560,255</u>		<u>1,138,114</u>	<u>1,138,114</u>	
<u>\$ 557,037</u>	<u>\$ 684,265</u>	<u>\$ 127,228</u>	<u>\$ 1,135,523</u>	<u>\$ 1,335,609</u>	<u>\$ 200,086</u>

STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN
RETAINED EARNINGS
ALL ENTERPRISE FUNDS

VILLAGE OF PINCKNEY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED FEBRUARY 29, 2004

OPERATING REVENUES		
Charges for services and connections		\$ 688,575
OPERATING EXPENSES		<u>763,906</u>
Operating (loss)		(75,331)
NON-OPERATING REVENUES (EXPENSES)		
Interest income	89,556	
Interest (expense)	(48,951)	
Other	<u>11,227</u>	
Net non-operating income		<u>51,832</u>
Net (loss)		(23,499)
RETAINED EARNINGS AT MARCH 1, 2003		<u>10,350,442</u>
RETAINED EARNINGS AT FEBRUARY 29, 2004		<u>\$ 10,326,943</u>

The accompanying notes are an integral part of these financial statements

STATEMENT OF CASH FLOWS
ALL ENTERPRISE FUNDS

VILLAGE OF PINCKNEY
STATEMENT OF CASH FLOWS
ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED FEBRUARY 29, 2004

CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES

Operating (loss) \$ (75,331)

Adjustments to reconcile operating income to net
cash from (used in) operating activities

Miscellaneous income	\$	11,227
Depreciation		246,872
Changes in assets and liabilities		
(Increase) in accounts receivable		(19,472)
(Increase) in prepaid expenses		(2,410)
Decrease in due from other funds		660
Increase in accounts payable		24,089
(Decrease) in due to other funds		<u>(6,324)</u>

Total adjustments		<u>254,642</u>
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Net cash from operating activities		179,311
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CASH FLOWS FROM (USED IN) CAPITAL AND RELATED
FINANCING ACTIVITIES

Special assessment principal	21,859	
Special assessment interest	16,500	
Repayment of bonds	(35,000)	
Purchase of fixed assets	(11,539)	
Interest paid	<u>(48,951)</u>	

Net cash (used in) capital and related financing activities		(57,131)
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CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES

Interest on cash and investments		<u>73,056</u>
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Net increase in cash and cash equivalents		195,236
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CASH AND CASH EQUIVALENTS AT MARCH 1, 2003		<u>3,792,500</u>
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CASH AND CASH EQUIVALENTS AT FEBRUARY 29, 2004		<u>\$ 3,987,736</u>
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NOTES
TO
FINANCIAL
STATEMENTS

VILLAGE OF PINCKNEY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 29, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Village of Pinckney was incorporated in 1895 as a general law village, under the provision of Public Act 3 of 1895. The village operates under a council form of government and provides the following services as authorized by its charter; public safety, highways and streets, sanitation, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administration services.

The following related organization has been determined as not meeting the criteria as a component unit:

Pinckney Community Public Library

In accordance with the GASB Statement 39, all funds, agencies and activities of the Village of Pinckney have been included in the financial statements, except as noted in Note 13.

B. Basis of Presentation - Fund Accounting

The accounts of the village are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for through a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. Accordingly, interfund receivables and payables have not been eliminated. The various funds are summarized by type in the financial statements. The various funds are grouped in the financial statements of this report, into three broad fund categories as follows:

GOVERNMENTAL FUNDS

General Fund - The general fund is the general operating fund of the village. It is used to account for all financial resources, except those required to be accounted for in another fund.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Special Revenue Fund - Component Unit - The village established, January 25, 1993, a Downtown Development Authority (DDA) in conjunction with Public Act 197 of 1975 (as amended through March 1986). The village appoints ten members and a chairperson to the board of the DDA.

Special Revenue Fund - Component Unit - The village authorized the creation of The Pinckney Auxiliary Police Officers Association. The financial activity for 2002 - 2004 was not available.

VILLAGE OF PINCKNEY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 29, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PROPRIETARY FUND

Enterprise Funds - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The following are the enterprise funds of the Village of Pinckney:

1. Sewage Disposal System Fund
2. Water Fund - Village

FIDUCIARY FUNDS

Trust and Agency Funds - Trust and agency funds are used to account for assets held by the Village of Pinckney in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

C. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds and expendable trust funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which is recognized when due.

VILLAGE OF PINCKNEY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 29, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All proprietary funds and non-expendable trust and pension trust funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Unbilled water and sewer fund utility service receivables are recorded at year end.

D. FIXED ASSETS AND LONG-TERM LIABILITIES

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds and expendable trust funds are accounted for on a spending or "financial-flow" measurement focus. This means only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financial uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Long-term liabilities expected to be financed from governmental funds are accounted for in the general long-term debt account group.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, draining systems, and lighting systems, are capitalized along with other general fixed assets. Depreciation has not been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair market value on the date of gift.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations or as a reduction to contributed capital, depending on the circumstances. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives as follows:

Water and sewer systems	40 years
Improvements	10 - 20 years
Equipment	3 - 10 years

VILLAGE OF PINCKNEY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 29, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. BUDGETARY DATA

The Village prepares and adopts an annual operating budget for the governmental funds as a basis for control of operations during the fiscal year. The budget for the governmental funds is prepared on a modified accrual basis of accounting in accordance with generally accepted accounting principles. The budget is maintained in a manner consistent with the presentation of the fund financial statements.

The Village adopts its budget by functional activity which is the level of classification detail at which expenditures may not legally exceed appropriations. If and when it becomes necessary to amend certain amounts in the budget, a proposal outlining the desired changes is made to and approved by the village council at any of their regular meetings. Budget appropriations made but not expended by year end will lapse with the fiscal year end.

For the year ended February 29, 2004, expenditures exceeded appropriations of the following functional activities:

	<u>Budget</u>	<u>Actual</u>	<u>Expenditures in Excess of Budget Appropriations</u>
General Fund			
Village treasurer	\$ 54,700	\$ 55,290	\$ 590
Village election	2,200	3,567	1,367
Village planning commission	13,383	13,436	53
Village police department	297,082	313,312	16,230
Special Revenue Funds			
Police training fund	800	857	57
Local improvement fund		38	38

F. PROPERTY TAXES

Village taxes are levied each July 1 and are payable without penalty through September 14. Property tax revenues are recognized as revenue in the fiscal year levied to the extent that they are measurable and available. The delinquent real property taxes of the Village of Pinckney are purchased by Livingston County. The county paid the village the delinquent real taxes in October 2003.

Michigan personal property tax assessments have been based, since the 1960's, on the use of one or more of several different multiplier tables formulated by the State Tax Commission against taxpayer reported original cost, depending on the assessor's view of the average life of the personal property. The State Tax Commission has indicated that it plans to reformulate the multipliers. The State Tax Tribunal has informally indicated that once the new multipliers are approved, it may allow them to be applied retroactively in pending personal property tax appeals.

VILLAGE OF PINCKNEY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 29, 2004

G. ACCRUED COMPENSATED ABSENCES

It is the village's personnel practice to grant vacation and sick pay according to years of service. Employees are allowed to accrue sick pay from year to year up to 90 days. Vacation days must be used in the year they are earned and do not carryover year to year. Employees are also allowed to accrue compensation time based on overtime worked and not paid for. Compensation time may only be accrued up to one year at which time the employee is paid-off. It is anticipated that the compensated absences will be paid during the next fiscal year. The village has accrued the following amount in the general fund as of February 29, 2004.

Accrued sick and compensation time	<u>\$ 53,057</u>
---------------------------------------	------------------

H. MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

I. TOTAL COLUMNS ON COMBINED STATEMENTS - OVERVIEW

Total columns on the combined statements - overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

VILLAGE OF PINCKNEY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 29, 2004

NOTE 2 - DEPOSITS WITH FINANCIAL INSTITUTIONS

Michigan Compiled Laws, Section 129.91, authorizes the Village to deposit and invest in the accounts of Federally insured banks, credit union, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers; acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations to the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The village maintains an imprest petty cash account in the amount of \$300.

The village's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Township's deposits and investments are as follows:

<u>Deposits</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured	\$ 300,000	\$ 300,000
Uninsured and uncollateralized	<u>4,997,414</u>	<u>5,121,940</u>
Total deposits	<u>\$ 5,297,414</u>	<u>\$ 5,421,940</u>

VILLAGE OF PINCKNEY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 29, 2004

NOTE 3 - INTERFUND BALANCES

All interfund balances are short-term in character. Interfund transfers will be collected during the next reporting period. The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 20,034	\$
Water Fund - Village	28	2,028
Downtown Development Authority		12,850
Sewer System	7	
Trust and Agency		5,191
Totals	<u>\$ 20,069</u>	<u>\$ 20,069</u>

NOTE 4 - OTHER FINANCING SOURCES (USES)

The transfers of cash between the various funds are budgeted and reported separate from revenues and expenditures as operating transfers in or (out), unless they represent temporary advances that are to be repaid, in which case they are carried as assets or liabilities of the advancing or borrowing fund. The village also records all proceeds from the issuance of debt instruments as other financing sources.

VILLAGE OF PINCKNEY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 29, 2004

NOTE 5 - PENSION PLAN

Plan Description - The Village of Pinckney participates in the Michigan Municipal Employees Retirement System (MERS) which is an agent multiple-employer, state-wide, defined benefit public employee retirement plan created under Public Act 135 of 1945 and now operates under Public Act 220 of 1996. MERS was established by the State of Michigan for purposes of providing retirement, survivor and disability benefits on a voluntary basis to the State's local government employees. Under Public Act 220, MERS became an independent public non-profit corporation independent from State government. The effective date of independence was August 15, 1996, at which time MERS ceased to be a part of the State of Michigan, Department of Management and Budget. The village has no fiduciary responsibility for the plan. All full-time employees of the village are eligible to participate in the plan immediately upon employment.

As of February 29, 2004, the village had ten covered employees and twenty-seven total employees. Covered and total payrolls for the year then ended was \$395,617 and \$485,436 respectively.

The village is covered under benefit program B-2. The plan provides for vesting of benefits after ten years of service. Participants may elect normal retirement at age 60, with 10 or more years of service. The plan also provides for early retirement at age 55, with 15 or more years of service, and at age 50 with 25 or more years of service.

Employees contribute 4% of all wages per calendar year.

The village currently has one retirant beneficiary in the plan.

The following information, which is the most current available, was extracted from the village's actuarial consultants, Gabriel, Roeder, Smith & Company in their report released in August 2003. The amount disclosed as the "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to (a) help users assess the plan's funding status on a going-concern basis, (b) assess progress being made in accumulating sufficient assets to pay benefits when due, and (c) allow for comparisons among public employee retirement plans. The measure is independent of the actuarial funding method used to determine contributions to the plan.

The pension benefit obligation was determined as part of an actuarial valuation of the plan as of December 31, 2002. Significant actuarial assumptions used in determining the pension benefit obligation include (a) a rate of return on the investment of present and future assets of 8.0% per year compounded annually, (b) projected salary increases of 5% per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 4.2% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 2.5% per year (annually) after retirement.

VILLAGE OF PINCKNEY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 29, 2004

NOTE 5 - PENSION PLAN (continued)

At January 1, 2003, the unfunded pension benefit obligation was \$262,235, determined as follows:

Pension benefit obligation	
Retirees and beneficiaries currently receiving benefits	\$ 204,794
Terminated employees not yet receiving benefits	9,460
Current employees	
Accumulated employee contribution, including allocated investment income	147,790
Employer financed	<u>728,486</u>
Total pension benefit obligation	1,090,530
Net assets available for benefits, at cost (at market \$658,185)	<u>828,295</u>
Unfunded pension benefit obligation	<u>\$ 262,235</u>

During the year ended December 31, 2002, the plan experienced a net change of \$51,452 in the unfunded pension benefit obligation. The combined change in the pension benefit obligation resulting from benefit changes, if any, and revisions in actuarial assumptions is \$-0-.

Analysis of Funding Progress

Valuation Date <u>December 31</u>	Net Assets Available for Benefits	Pension Benefit Obligation (PBO)	Percent Funded (1)/(2)	Unfunded (Overfunded) PBO (2)-(1)	Annual Covered Payroll
1982	35,338	26,933	131	(8,405)	55,291
1983	40,201	20,988	192	(19,213)	37,525
1984	52,737	20,233	261	(32,504)	68,923
1985	62,253	26,282	237	(35,971)	67,635
1986	75,724	33,891	223	(41,833)	84,523
1987	92,452	41,748	221	(50,704)	107,091
1988	103,656	50,179	207	(53,477)	101,104
1989	120,226	96,917	124	(23,309)	124,464
1990	138,484	123,901	112	(14,583)	149,722
1991	160,975	161,534	100	559	172,553
1992	186,149	186,180	100	31	176,179
1993	213,674	234,878	91	21,204	186,491
1994	243,112	266,050	91	22,938	198,669
1995	281,565	265,839	106	(15,726)	177,094
1996	348,411	368,926	94	20,515	274,607
1997	406,335	453,796	90	47,461	274,028
1998	478,647	453,158	106	(25,489)	385,030
1999	581,602	598,108	97	16,506	387,232
2000	658,487	783,133	84	124,646	385,905
2001	748,977	1,062,664	70	313,687	390,220
2002	828,295	1,090,530	76	262,235	395,617

VILLAGE OF PINCKNEY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 29, 2004

NOTE 6 - LONG-TERM OBLIGATIONS

The principal long-term obligations of the village are general obligation limited tax bonds issued to finance the construction of the sewer system upgrade.

The village's long-term obligations as of February 29, 2004, and transactions during the year then ended, are as follows:

<u>General Fund</u>	<u>Balance 3/1/03</u>	<u>Addition</u>	<u>Decrease</u>	<u>Balance 2/29/04</u>
Case Credit - capital lease	\$ 13,821	\$	\$ 13,821	\$
Government Leasing Company - capital lease	6,281		6,281	
Government Leasing Company - capital lease		24,708	8,878	15,830
National City Bank		15,800		15,800
Total general long-term debt	20,102	40,508	28,980	31,630
<u>Enterprise Funds</u>				
1997 Portage Dells Special Assessment Limited Tax Bonds, interest is charged at 6%	340,000		15,000	325,000
1998 Sewer Special Assessment limited tax bonds, interest is charged at 4.8% to 5.0%	630,000		20,000	610,000
Total enterprise fund	970,000		35,000	935,000
Grand total	<u>\$ 990,102</u>	<u>\$ 40,508</u>	<u>\$ 63,980</u>	<u>\$ 966,630</u>

The following is a schedule of principal and interest payments to service the long-term obligations of the village:

	<u>Bonds Payable Enterprise Fund</u>		<u>Capital Lease General Fund</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2004 - 2005	\$ 35,000	\$ 47,888	\$ 15,512	\$ 1,703
2005 - 2006	40,000	45,945	16,118	861
2006 - 2007	40,000	43,885		
2007 - 2008	45,000	41,678		
2008 - 2009	50,000	39,195		
2009 - 2014	365,000	174,263		
2014 - 2019	360,000	43,548		
Total borrowings	<u>\$ 935,000</u>	<u>\$ 436,402</u>	<u>\$ 31,630</u>	<u>\$ 2,564</u>

NOTE 7 - CHANGES IN GENERAL FIXED ASSETS

General Fund	Balance 3/1/03	Addition	Decrease	Balance 2/29/04
Village hall				
Building	\$ 146,455	\$	\$	\$ 146,455
Building improvements	27,793			27,793
Land (4 lots)	1			1
Office equipment	28,657			28,657
Computer equipment	40,188			40,188
Playground equipment	3,294			3,294
Paving	7,850			7,850
Fence	720			720
D.P.W.				
Building	9,900			9,900
Building additions	10,795			10,795
Land	2,000			2,000
Equipment	98,892			98,892
Trucks	159,534	23,919	21,845	161,608
Tractor	23,000			23,000
Mower	10,851			10,851
Cemetery	3,840			3,840
Police				
Equipment	93,104	3,346		96,450
Autos	39,133	25,231	19,658	44,706
Total general fixed assets	\$ 706,007	\$ 52,496	\$ 41,503	\$ 717,000

VILLAGE OF PINCKNEY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 29, 2004

NOTE 8 - CHANGES IN PROPRIETARY FIXED ASSETS

A summary of changes in proprietary fixed assets is as follows:

	<u>Balance 3/1/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2/29/04</u>
Property, plant and equipment				
- sewer	\$ 5,273,146	\$ 6,150	\$	\$ 5,279,296
Property, plant and equipment				
- water	<u>4,062,643</u>	<u>5,389</u>		<u>4,068,032</u>
	9,335,789	11,539		9,347,328
Less accumulated depreciation	<u>2,528,699</u>	<u>(246,872)</u>		<u>2,775,571</u>
Net	<u>\$ 6,807,090</u>	<u>\$ (235,333)</u>	<u>\$</u>	<u>\$ 6,571,757</u>

NOTE 9 - STATEMENT OF CASH FLOWS

Pursuant to the Governmental Accounting Standards Board (GASB) statement number 9, a statement of cash flows is presented. The purpose of the statement of cash flows is to explain the change in cash and cash equivalents during the year. Cash equivalents are defined as short-term, highly liquid investments with original maturities of three months or less. The indirect method was utilized to present cash flows from operations. The following is a schedule of beginning and ending cash and cash equivalents:

	<u>March 1, 2003</u>	<u>February 29, 2004</u>
Current assets		
Cash	\$ 916,636	\$ 929,277
Restricted assets		
Cash	<u>2,875,864</u>	<u>3,058,459</u>
Cash	<u>\$ 3,792,500</u>	<u>\$ 3,987,736</u>

VILLAGE OF PINCKNEY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 29, 2004

NOTE 10 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The village maintains two enterprise funds, which provide water and sewer services. Segment information for the year ended February 29, 2004, was as follows:

	Sewage Disposal System Fund	Water Fund Village	Total Enterprise Funds
Operating revenues	\$ 480,278	\$ 208,297	\$ 688,575
Depreciation	141,181	105,691	246,872
Operating income (loss)	(79,328)	3,997	(75,331)
Non-operating revenues	27,214	24,618	51,832
Net income (loss)	(52,114)	28,615	(23,499)
Total assets	6,349,084	4,967,014	11,316,098
Accounts payable	28,180	3,614	31,794
Net working capital	927,733	668,994	1,596,727
Total equity			
Retained earnings	5,698,669	4,628,274	10,326,943

NOTE 11 - COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES

The village had prepared budgets for the general fund and all special revenue funds. These are the only funds included in the combined statement of revenues, expenditures and changes in fund balances - budget and actual - general and special revenue fund types.

NOTE 12 - RISK MANAGEMENT

The village is exposed to various risks of loss related to property loss, torts, errors, and omissions, employee injuries, unemployment benefits, as well as medical and workman's compensation benefits provided to employees. The village has purchased commercial insurance for the coverage of risks.

VILLAGE OF PINCKNEY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 29, 2004

NOTE 13 - COMPONENT UNIT OMISSION

The village has not reported the financial data of the Pinckney Auxiliary Police Officers Association. The financial data has not been subject to audit procedures. The following data covers the period from January 1 - December 31, 2003:

ASSETS	
Cash	\$ 1,815
Accounts receivable	<u>6,464</u>
Total assets	<u>\$ 8,279</u>
FUND BALANCE	<u>\$ 8,279</u>
REVENUES	\$ 9,807
EXPENDITURES	<u>7,928</u>
Expenditures over revenues	<u>\$ 1,879</u>

NOTE 14 - GASB STATEMENT NO. 34

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement NO. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. Certain of the significant changes in the statement include the following:

1. For the first time the financial statements will include:
 - A management Discussion and Analysis (MD&A) section providing an analysis of the Village's overall financial position and results of operations.
 - Financial statements prepared using full accrual accounting for all of the Village's activities including reporting infrastructure assets (roads, bridges, etc.).
2. A change in the fund financial statements to focus on the major funds.

The general provisions of GASB Statement No. 34 must be implemented by the Village of Pinckney no later than the fiscal year ending February 29, 2005.

VILLAGE OF PINCKNEY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 29, 2004

NOTE 15 - CONTINGENT LIABILITIES

During 2003, the Village, was sued by Pinckney Community Schools for a refund of alleged overcharges of connection fees and operating and maintenance fees for sanitary sewer services. On June 24, 2004 the court issued its opinion and agreed with the plaintiff, Pinckney Community Schools. A judgment against the Village for \$459,976 consisting of a capital connection refund of \$328,020 and an operating and maintenance fee refund of \$131,956. This judgment consisted of refunds only, no damages were awarded. A portion of the retained earnings of the Village's Sewer Fund has been reserved for the refunds. The Village Council has decided not to appeal the court's decision.

SUPPLEMENTARY INFORMATION

COMBINING
FINANCIAL
STATEMENTS

VILLAGE OF PINCKNEY
COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS
FEBRUARY 29, 2004

	<u>Major Street</u>	<u>Local Street</u>	<u>Highway</u>
<u>ASSETS</u>			
ASSETS			
Cash	\$ 188,874	\$ 87,860	\$ 167,980
Accounts receivable - other			
Property taxes receivable			2,232
M.V.H.F. receivable	17,511	7,781	
Prepaid expenditures	<u>3,033</u>	<u>3,033</u>	
Total assets	<u>\$ 209,418</u>	<u>\$ 98,674</u>	<u>\$ 170,212</u>
<u>LIABILITIES AND FUND BALANCE</u>			
LIABILITIES			
Accounts payable	\$ 2,829	\$ 8,723	\$
Due to other funds			
Total liabilities	2,829	8,723	
FUND BALANCE	<u>206,589</u>	<u>89,951</u>	<u>170,212</u>
Total liabilities and fund balance	<u>\$ 209,418</u>	<u>\$ 98,674</u>	<u>\$ 170,212</u>

<u>Downtown Development Authority</u>	<u>Cemetery</u>	<u>Police Training</u>	<u>Drug Law Enforcement</u>	<u>Local Improvement</u>	<u>Totals</u>
\$ 66,581	\$ 88,870	\$ 1,629	\$ 2,418	\$ 29,735	\$ 633,947
167	676				843
40,209					42,441
	871				25,292
					6,937
<u>\$ 106,957</u>	<u>\$ 90,417</u>	<u>\$ 1,629</u>	<u>\$ 2,418</u>	<u>\$ 29,735</u>	<u>\$ 709,460</u>
\$ 784	\$ 9	\$	\$	\$	\$ 12,345
12,850					12,850
13,634	9				25,195
93,323	90,408	1,629	2,418	29,735	684,265
<u>\$ 106,957</u>	<u>\$ 90,417</u>	<u>\$ 1,629</u>	<u>\$ 2,418</u>	<u>\$ 29,735</u>	<u>\$ 709,460</u>

VILLAGE OF PINCKNEY
COMBINING BALANCE SHEET
ALL ENTERPRISE FUNDS
FEBRUARY 29, 2004

	<u>Sewage Disposal System</u>	<u>Water Fund Village</u>	<u>Totals</u>
<u>ASSETS</u>			
CURRENT ASSETS			
Cash	\$ 491,358	\$ 437,919	\$ 929,277
Accounts receivable - billings	174,959	37,976	212,935
Prepaid expenses	7,929	7,599	15,528
Special assessment receivable	313,895	213,012	526,907
Inventory		1,200	1,200
Due from other funds	<u>7</u>	<u>28</u>	<u>35</u>
Total current assets	<u>988,148</u>	<u>697,734</u>	<u>1,685,882</u>
RESTRICTED ASSETS			
Cash - bond and interest redemption		186,239	186,239
Cash - special assessments	355,534		355,534
Cash - capital replacement	1,392,234	801,576	2,193,810
Cash - construction		<u>322,876</u>	<u>322,876</u>
Total restricted assets	<u>1,747,768</u>	<u>1,310,691</u>	<u>3,058,459</u>
PROPERTY, PLANT AND EQUIPMENT			
Property, plant and equipment	5,279,296	4,068,032	9,347,328
Less accumulated depreciation	<u>(1,666,128)</u>	<u>(1,109,443)</u>	<u>(2,775,571)</u>
Net property, plant and equipment	<u>3,613,168</u>	<u>2,958,589</u>	<u>6,571,757</u>
Total assets	<u>\$ 6,349,084</u>	<u>\$ 4,967,014</u>	<u>\$ 11,316,098</u>

	<u>Sewage Disposal System</u>	<u>Water Fund Village</u>	<u>Totals</u>
<u>LIABILITIES AND FUND EQUITY</u>			
LIABILITIES			
Accounts payable	\$ 28,180	\$ 3,614	\$ 31,794
Accrued interest payable	12,235	8,098	20,333
Bonds payable		325,000	325,000
Payable from restricted assets			
Bonds payable	610,000		610,000
Due to other funds		2,028	2,028
Total liabilities	<u>650,415</u>	<u>338,740</u>	<u>989,155</u>
FUND EQUITY			
Retained earnings			
Reserved	459,976		459,976
Unreserved	<u>5,238,693</u>	<u>4,628,274</u>	<u>9,866,967</u>
Total fund equity	<u>5,698,669</u>	<u>4,628,274</u>	<u>10,326,943</u>
Total liabilities and fund equity	<u>\$ 6,349,084</u>	<u>\$ 4,967,014</u>	<u>\$ 11,316,098</u>

VILLAGE OF PINCKNEY
COMBINING BALANCE SHEET
ALL AGENCY FUNDS
FEBRUARY 29, 2004

		Current Tax Collection	Trust and Agency	Totals
<u>ASSETS</u>				
ASSETS				
Cash		\$ <u> </u>	\$ <u>42,707</u>	\$ <u>42,707</u>
 <u>LIABILITIES</u>				
LIABILITIES				
Due to others		\$ <u> </u>	\$ 37,516	\$ 37,516
Due to other funds			5,191	5,191
Total liabilities		\$ <u> </u>	\$ <u>42,707</u>	\$ <u>42,707</u>

VILLAGE OF PINCKNEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED FEBRUARY 29, 2004

	<u>Major Street</u>	<u>Local Street</u>	<u>Highway</u>
REVENUES			
Fees	\$	\$	\$
Taxes			131,988
Intergovernmental - state and local	94,154	41,760	
Interest	1,934	1,285	2,855
Miscellaneous		4,500	10
			<u>10</u>
Total revenues	<u>96,088</u>	<u>47,545</u>	<u>134,853</u>
EXPENDITURES			
Community development			10,014
Cemetery			
Highways and streets	117,835	110,365	37
Law enforcement			
			<u>37</u>
Total expenditures	<u>117,835</u>	<u>110,365</u>	<u>10,051</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(21,747)</u>	<u>(62,820)</u>	<u>124,802</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	81,000	45,500	
Operating transfers (out)			(148,009)
			<u>(148,009)</u>
Total other financing sources (uses)	<u>81,000</u>	<u>45,500</u>	<u>(148,009)</u>
Excess (deficiency) of revenues over expenditures after other financing sources (uses)	59,253	(17,320)	(23,207)
FUND BALANCE, MARCH 1, 2003	<u>147,336</u>	<u>107,271</u>	<u>193,419</u>
FUND BALANCE, FEBRUARY 29, 2004	<u>\$ 206,589</u>	<u>\$ 89,951</u>	<u>\$ 170,212</u>

<u>Downtown Development Authority</u>	<u>Cemetery</u>	<u>Police Training</u>	<u>Drug Law Enforcement</u>	<u>Local Improvement</u>	<u>Totals</u>
\$	\$ 28,400	\$	\$	\$	\$ 28,400
88,432		868			220,420
303	968	9	17	127	136,782
<u>1,466</u>	<u>13</u>		<u>226</u>		<u>7,498</u>
					<u>6,215</u>
<u>90,201</u>	<u>29,381</u>	<u>877</u>	<u>243</u>	<u>127</u>	<u>399,315</u>
5,494					15,508
	12,715				12,715
		857	38	38	228,237
<u>5,494</u>	<u>12,715</u>	<u>857</u>	<u>38</u>	<u>38</u>	<u>933</u>
					<u>257,393</u>
<u>84,707</u>	<u>16,666</u>	<u>20</u>	<u>205</u>	<u>89</u>	<u>141,922</u>
				8,250	134,750
<u>(4,653)</u>					<u>(152,662)</u>
<u>(4,653)</u>				<u>8,250</u>	<u>(17,912)</u>
80,054	16,666	20	205	8,339	124,010
<u>13,269</u>	<u>73,742</u>	<u>1,609</u>	<u>2,213</u>	<u>21,396</u>	<u>560,255</u>
<u>\$ 93,323</u>	<u>\$ 90,408</u>	<u>\$ 1,629</u>	<u>\$ 2,418</u>	<u>\$ 29,735</u>	<u>\$ 684,265</u>

VILLAGE OF PINCKNEY
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED FEBRUARY 29, 2004

	<u>Sewage Disposal System</u>	<u>Water Fund Village</u>	<u>Totals</u>
OPERATING REVENUES			
Charges for services and connections	\$ 480,278	\$ 208,297	\$ 688,575
OPERATING EXPENSES	<u>559,606</u>	<u>204,300</u>	<u>763,906</u>
Operating income (loss)	<u>(79,328)</u>	<u>3,997</u>	<u>(75,331)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest income	52,114	37,442	89,556
Interest expense	(29,443)	(19,508)	(48,951)
Other	<u>4,543</u>	<u>6,684</u>	<u>11,227</u>
Net non-operating revenues	<u>27,214</u>	<u>24,618</u>	<u>51,832</u>
Net income (loss)	(52,114)	28,615	(23,499)
RETAINED EARNINGS, MARCH 1, 2003	<u>5,750,783</u>	<u>4,599,659</u>	<u>10,350,442</u>
RETAINED EARNINGS, FEBRUARY 29, 2004	<u>\$ 5,698,669</u>	<u>\$ 4,628,274</u>	<u>\$ 10,326,943</u>

VILLAGE OF PINCKNEY
COMBINING STATEMENT OF CASH FLOWS
ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED FEBRUARY 29, 2004

	<u>Sewage Disposal System</u>	<u>Water Fund Village</u>	<u>Totals</u>
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES			
Operating income (loss)	\$ (79,328)	\$ 3,997	\$ (75,331)
Adjustments to reconcile operating income to net cash from (used in) operating activities			
Miscellaneous income/expenses	4,543	6,684	11,227
Depreciation	141,181	105,691	246,872
Changes in assets and liabilities			
(Increase) decrease in accounts receivable	(20,361)	889	(19,472)
(Increase) in prepaid expenses	(1,231)	(1,179)	(2,410)
Decrease in due from other funds	254	406	660
Increase in accounts payable	21,865	2,224	24,089
(Decrease) in due to other funds	(4,055)	(2,269)	(6,324)
Total adjustments	<u>142,196</u>	<u>112,446</u>	<u>254,642</u>
Net cash from operating activities	<u>62,868</u>	<u>116,443</u>	<u>179,311</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES			
Special assessment principal		21,859	21,859
Special assessment interest		16,500	16,500
Repayment of bonds	(20,000)	(15,000)	(35,000)
Interest paid	(29,443)	(19,508)	(48,951)
Net cash from (used in) capital and related financing activities	<u>(49,443)</u>	<u>3,851</u>	<u>(45,592)</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES			
Purchases of fixed assets	(6,150)	(5,389)	(11,539)
Interest on cash and investments	52,114	20,942	73,056
Net cash from investing activities	<u>45,964</u>	<u>15,553</u>	<u>61,517</u>
Net increase in cash and cash equivalents	59,389	135,847	195,236
CASH AND CASH EQUIVALENTS AT MARCH 1, 2003	<u>2,179,737</u>	<u>1,612,763</u>	<u>3,792,500</u>
CASH AND CASH EQUIVALENTS AT FEBRUARY 29, 2004	<u>\$ 2,239,126</u>	<u>\$ 1,748,610</u>	<u>\$ 3,987,736</u>

INDIVIDUAL
FUNDS

GENERAL
FUND

VILLAGE OF PINCKNEY
GENERAL FUND
BALANCE SHEET
FEBRUARY 29, 2004

ASSETS

ASSETS

Cash	\$ 633,324
Delinquent personal property taxes receivable	2,162
State shared revenues receivable	21,479
Accounts receivable	27,512
Prepaid expenditures	39,365
Due from other funds	<u>20,034</u>
Total assets	<u>\$ 743,876</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 17,634
Deferred revenue	20,606
Accrued expenses	1,235
Accrued payroll and compensated absences	<u>53,057</u>

Total liabilities \$ 92,532

FUND BALANCE

651,344

Total liabilities and fund balance \$ 743,876

VILLAGE OF PINCKNEY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED FEBRUARY 29, 2004

	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$	\$ 515,719	\$
Licenses and permits			
Zoning		1,300	
Site		350	
Vendor		340	
Cable TV		10,766	
State shared revenues		172,678	
Charges for services			
Refuse collection		91,118	
Fines and forfeitures			
District and local court fines		18,518	
Interest		7,259	
Sale of fixed assets		601	
Tower rental		38,978	
Refunds and reimbursements		20,828	
Other revenues			
Miscellaneous		6,659	
Total revenues	859,887	885,114	25,227
EXPENDITURES	891,347	870,049	21,298
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	(31,460)	15,065	46,525
OTHER FINANCING SOURCES (USES)			
Operating transfers in	40,500	26,162	(14,338)
Operating transfers (out)	(8,413)	(8,250)	163
Proceeds from lease		40,508	40,508
Total other financing sources (uses)	32,087	58,420	26,333
Excess (deficiency) of revenues over expenditures after other financing sources (uses)	627	73,485	72,858
FUND BALANCE, MARCH 1, 2003	577,859	577,859	
FUND BALANCE, FEBRUARY 29, 2004	\$ 578,486	\$ 651,344	\$ 72,858

VILLAGE OF PINCKNEY
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED FEBRUARY 29, 2004

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES			
Village - general			
Office supplies	\$	\$ 2,609	\$
Postage		2,243	
Contracting services		2,514	
Dues and subscriptions		1,898	
Telephone and internet		3,279	
Printing and publishing		9,263	
Utilities		4,107	
Equipment maintenance		1,360	
Bank charges		799	
Miscellaneous		349	
Auditors		6,000	
Legal fees		9,354	
Insurance		11,468	
Retiree benefits		4,922	
Computer supplies and software		1,229	
Office equipment and copier		530	
Total village - general	<u>65,575</u>	<u>61,924</u>	<u>3,651</u>
Village council			
Wages		6,300	
Payroll taxes		482	
Insurance		204	
Supplies		78	
Printing and publishing		1,145	
Total village council	<u>8,250</u>	<u>8,209</u>	<u>41</u>
Village president			
Wages		12,735	
Payroll taxes		974	
Dues and subscriptions		100	
Insurance		56	
Total village president	<u>14,275</u>	<u>13,865</u>	<u>410</u>

VILLAGE OF PINCKNEY
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED FEBRUARY 29, 2004

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES			
Village clerk			
Wages		28,500	
Payroll taxes		2,232	
Insurance		81	
Seminars and training		353	
Supplies		121	
Dues and subscriptions		100	
Mileage reimbursement		234	
Miscellaneous		130	
Commissions		690	
	<u>32,620</u>	<u>32,441</u>	<u>179</u>
Total village clerk			
Village treasurer			
Wages		41,179	
Payroll taxes		3,086	
Insurance		5,708	
Pension		4,808	
Supplies		220	
Miscellaneous		289	
	<u>54,700</u>	<u>55,290</u>	<u>(590)</u>
Total village treasurer			
Village secretary			
Wages		34,200	
Payroll taxes		2,733	
Insurance		5,643	
Pension		4,259	
	<u>48,573</u>	<u>46,835</u>	<u>1,738</u>
Total village secretary			

VILLAGE OF PINCKNEY
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED FEBRUARY 29, 2004

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES			
Village grounds and building			
Equipment and tools		717	
Supplies		452	
Contracted services		2,600	
Repairs and maintenance		627	
Insurance		966	
Legal fees		180	
	<u>9,650</u>	<u>5,542</u>	<u>4,108</u>
Total village grounds and building			
Village election			
Wages		587	
Payroll taxes		45	
Insurance		2	
Supplies		343	
Printing and publishing		1,310	
Contracted services		1,102	
Miscellaneous		65	
Legal fees		113	
	<u>2,200</u>	<u>3,567</u>	<u>(1,367)</u>
Total village election			
Village planning commission			
Wages		5,338	
Payroll taxes		409	
Insurance		20	
Contracted services		6,356	
Printing and publishing		958	
Supplies		85	
Legal fees		270	
	<u>13,383</u>	<u>13,436</u>	<u>(53)</u>
Total village planning commission			

VILLAGE OF PINCKNEY
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED FEBRUARY 29, 2004

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES			
Village zoning administrator			
Wages		10,204	
Payroll taxes		781	
Insurance		152	
Equipment and labor usage		810	
Total village zoning administrator	<u>11,960</u>	<u>11,947</u>	<u>13</u>
Street lights	<u>31,632</u>	<u>28,554</u>	<u>3,078</u>
Village disposal service	<u>82,500</u>	<u>81,707</u>	<u>793</u>
Sidewalks	<u>30,850</u>	<u>30,815</u>	<u>35</u>
Village police department			
Wages		168,245	
Payroll taxes		12,913	
Insurance		48,880	
Pension		19,955	
Office supplies		807	
Forms, citations, books, etc.		670	
Seminars and training		859	
Legal fees		255	
Membership dues		283	
Telephone		2,954	
Radio services		1,000	
Fuels and lubricants		6,627	
Vehicle repairs and maintenance		1,680	
Uniforms, boots, etc.		773	
Small tools and equipment		239	
Capital outlay		30,415	
Equipment lease - interest		1,269	
Equipment lease - principle		15,159	
Miscellaneous		329	
Total village police department	<u>297,082</u>	<u>313,312</u>	<u>(16,230)</u>
Downtown Development Authority	<u>38,993</u>	<u>38,993</u>	

VILLAGE OF PINCKNEY
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED FEBRUARY 29, 2004

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES			
Village DPW			
Wages		177,458	
Payroll taxes		13,633	
Insurance		44,354	
Pension		20,523	
Printing and publishing		1,076	
Equipment usage		2,409	
Supplies		227	
Refuse container		768	
Legal fees		203	
Telephone		2,382	
Fuels and lubricants		4,849	
Utilities		2,173	
Vehicle repairs and maintenance		2,621	
Building repairs and maintenance		62	
Uniforms		3,151	
Small tools and equipment		990	
Capital outlay		23,919	
Principal		13,821	
Interest		446	
Miscellaneous		100	
Reimbursements - wages		(158,444)	
Reimbursements - equipment hours		(33,109)	
Total village DPW	<u>149,104</u>	<u>123,612</u>	<u>25,492</u>
Total village expenditures	<u>\$ 891,347</u>	<u>\$ 870,049</u>	<u>\$ 21,298</u>

MAJOR
STREET
FUND

VILLAGE OF PINCKNEY
MAJOR STREET FUND
BALANCE SHEET
FEBRUARY 29, 2004

ASSETS

ASSETS

Cash and investments	\$ 188,874
Michigan Vehicle Highway	
Fund receivable	17,511
Prepaid expenditures	<u>3,033</u>
Total assets	<u>\$ 209,418</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 2,829
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FUND BALANCE

206,589

Total liabilities and fund balance

\$ 209,418

VILLAGE OF PINCKNEY
MAJOR STREET FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED FEBRUARY 29, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Michigan Vehicle Highway Fund	\$	\$ 94,154	\$
Interest income		1,934	
Total revenues	<u>78,000</u>	<u>96,088</u>	<u>18,088</u>
EXPENDITURES			
Contracted construction		73,172	
Engineering services		4,620	
Equipment usage costs		9,704	
Insurance		4,241	
Labor usage costs		20,247	
Printing and publishing		282	
Repairs and maintenance		5,186	
Miscellaneous		383	
Total expenditures	<u>125,839</u>	<u>117,835</u>	<u>8,004</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	(47,839)	(21,747)	26,092
OTHER FINANCING SOURCES (USES)			
Operating transfer in	<u>81,000</u>	<u>81,000</u>	
Excess (deficiency) of revenues over expenditures after other financing sources (uses)	33,161	59,253	
FUND BALANCE, MARCH 1, 2003	<u>147,336</u>	<u>147,336</u>	
FUND BALANCE, FEBRUARY 29, 2004	<u>\$ 180,497</u>	<u>\$ 206,589</u>	<u>\$ 26,092</u>

LOCAL
STREET
FUND

VILLAGE OF PINCKNEY
LOCAL STREET FUND
BALANCE SHEET
FEBRUARY 29, 2004

ASSETS

ASSETS

Cash and investments	\$ 87,860
Michigan Vehicle Highway	
Fund receivable	7,781
Prepaid expenditures	<u>3,033</u>
Total assets	<u>\$ 98,674</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 8,723
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FUND BALANCE

Total liabilities and fund balance	<u>\$ 98,674</u>
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VILLAGE OF PINCKNEY
LOCAL STREET FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED FEBRUARY 29, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Michigan Vehicle Highway Fund	\$	\$ 41,760	\$
Miscellaneous		4,500	
Interest		1,285	
Total revenues	<u>35,000</u>	<u>47,545</u>	<u>12,545</u>
EXPENDITURES			
Contracted construction		54,711	
Outside engineering		2,082	
Equipment usage costs		13,931	
Insurance		4,906	
Labor usage costs		27,153	
Miscellaneous		349	
Repairs and maintenance		7,233	
Total expenditures	<u>115,369</u>	<u>110,365</u>	<u>5,004</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	(80,369)	(62,820)	17,549
OTHER FINANCING SOURCES (USES)			
Operating transfer in	<u>45,500</u>	<u>45,500</u>	
Excess (deficiency) of revenues over expenditures after other financing sources (uses)	(34,869)	(17,320)	17,549
FUND BALANCE, MARCH 1, 2003	<u>107,271</u>	<u>107,271</u>	
FUND BALANCE, FEBRUARY 29, 2004	<u>\$ 72,402</u>	<u>\$ 89,951</u>	<u>\$ 17,549</u>

HIGHWAY
FUND

VILLAGE OF PINCKNEY
HIGHWAY FUND
BALANCE SHEET
FEBRUARY 29, 2004

ASSETS

ASSETS

Cash and investments	\$ 167,980
Delinquent personal property taxes receivable	<u>2,232</u>

Total assets	<u>\$ 170,212</u>
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FUND BALANCE

FUND BALANCE	<u>\$ 170,212</u>
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VILLAGE OF PINCKNEY
HIGHWAY FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED FEBRUARY 29, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$	\$ 131,988	\$
Miscellaneous income		10	
Interest		<u>2,855</u>	
Total revenue	133,750	134,853	1,103
EXPENDITURES			
Downtown Development Authority		10,014	
Miscellaneous		<u>37</u>	
Total expenditures	<u>10,389</u>	<u>10,051</u>	<u>338</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	123,361	124,802	1,441
OTHER FINANCING SOURCES (USES)			
Operating transfers (out)	<u>(159,500)</u>	<u>(148,009)</u>	<u>11,491</u>
Excess (deficiency) of revenues over expenditures after other financing sources (uses)	(36,139)	(23,207)	12,932
FUND BALANCE, MARCH 1, 2003	<u>193,419</u>	<u>193,419</u>	
FUND BALANCE, FEBRUARY 29, 2004	<u>\$ 157,280</u>	<u>\$ 170,212</u>	<u>\$ 12,932</u>

DOWNTOWN
DEVELOPMENT
AUTHORITY FUND

VILLAGE OF PINCKNEY
DOWNTOWN DEVELOPMENT AUTHORITY FUND
BALANCE SHEET
FEBRUARY 29, 2004

ASSETS

ASSETS

Cash	\$ 66,581
Accounts receivable - other	167
Property taxes receivable	<u>40,209</u>

Total assets		<u>\$ 106,957</u>
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LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 784
Due to other funds	<u>12,850</u>

Total liabilities		\$ 13,634
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FUND BALANCE

	<u>93,323</u>
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Total liabilities and fund balance		<u>\$ 106,957</u>
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VILLAGE OF PINCKNEY
DOWNTOWN DEVELOPMENT AUTHORITY FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED FEBRUARY 29, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Property taxes	\$	\$ 88,432	\$
Miscellaneous		1,466	
Interest income		303	
Total revenues	<u>60,050</u>	<u>90,201</u>	<u>30,151</u>
EXPENDITURES			
Contracted services		75	
Legal and audit fees		2,630	
Printing and postage		1,463	
Miscellaneous		1,326	
Total expenditures	<u>22,020</u>	<u>5,494</u>	<u>16,526</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	38,030	84,707	46,677
OTHER FINANCING SOURCES (USES)			
Operating transfer out		(4,653)	(4,653)
Excess (deficiency) of revenues over expenditures after other financing sources (uses)	38,030	80,054	42,024
FUND BALANCE, MARCH 1, 2003	<u>13,269</u>	<u>13,269</u>	
FUND BALANCE, FEBRUARY 29, 2004	<u>\$ 51,299</u>	<u>\$ 93,323</u>	<u>\$ 42,024</u>

CEMETERY
FUND

VILLAGE OF PINCKNEY
CEMETERY FUND
BALANCE SHEET
FEBRUARY 29, 2004

ASSETS

ASSETS

Cash and investments	\$ 88,870
Accounts receivable - other	676
Prepaid expenditures	<u>871</u>
Total assets	<u>\$ 90,417</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 9
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FUND BALANCE

Total liabilities and fund balance	<u>\$ 90,417</u>
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VILLAGE OF PINCKNEY
CEMETERY FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED FEBRUARY 29, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Sale of lots	\$	\$ 28,400	\$
Interest		968	
Miscellaneous		13	
Total revenues	<u>13,000</u>	<u>29,381</u>	<u>16,381</u>
EXPENDITURES			
Equipment usage costs		2,900	
Labor usage costs		7,274	
Commissions		742	
Supplies and miscellaneous		247	
Insurance		879	
Printing and publishing		271	
Repairs and maintenance		402	
Total expenditures	<u>16,436</u>	<u>12,715</u>	<u>3,721</u>
Excess (deficiency) of revenues over expenditures	(3,436)	16,666	20,102
FUND BALANCE, MARCH 1, 2003	<u>73,742</u>	<u>73,742</u>	
FUND BALANCE, FEBRUARY 29, 2004	<u>\$ 70,306</u>	<u>\$ 90,408</u>	<u>\$ 20,102</u>

POLICE
TRAINING
FUND

VILLAGE OF PINCKNEY
POLICE TRAINING FUND
BALANCE SHEET
FEBRUARY 29, 2004

ASSETS

ASSETS
Cash

\$ 1,629

FUND BALANCE

FUND BALANCE

\$ 1,629

VILLAGE OF PINCKNEY
POLICE TRAINING FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED FEBRUARY 29, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Grant - state	\$	\$ 868	\$
Interest		9	
Total revenues	<u>810</u>	<u>877</u>	<u>67</u>
EXPENDITURES			
Miscellaneous		32	
Seminars and training		<u>825</u>	
Total expenditures	<u>800</u>	<u>857</u>	<u>(57)</u>
Excess (deficiency) of revenues over expenditures	10	20	10
FUND BALANCE, MARCH 1, 2003	<u>1,609</u>	<u>1,609</u>	
FUND BALANCE, FEBRUARY 29, 2004	<u>\$ 1,619</u>	<u>\$ 1,629</u>	<u>\$ 10</u>

DRUG
LAW ENFORCEMENT
FUND

VILLAGE OF PINCKNEY
DRUG LAW ENFORCEMENT FUND
BALANCE SHEET
FEBRUARY 29, 2004

ASSETS

ASSETS

Cash and investments

\$ 2,418

FUND BALANCE

FUND BALANCE

\$ 2,418

VILLAGE OF PINCKNEY
 DRUG LAW ENFORCEMENT FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED FEBRUARY 29, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Miscellaneous income	\$	\$ 226	\$
Interest		17	
Total revenues	<u>25</u>	<u>243</u>	<u>218</u>
EXPENDITURES			
Miscellaneous		<u>38</u>	
Total expenditures	<u>500</u>	<u>38</u>	<u>462</u>
Excess (deficiency) of revenues over expenditures	(475)	205	680
FUND BALANCE, MARCH 1, 2003	<u>2,213</u>	<u>2,213</u>	
FUND BALANCE, FEBRUARY 29, 2004	<u>\$ 1,738</u>	<u>\$ 2,418</u>	<u>\$ 680</u>

LOCAL
IMPROVEMENT
FUND

VILLAGE OF PINCKNEY
LOCAL IMPROVEMENT FUND
BALANCE SHEET
FEBRUARY 29, 2004

ASSETS

ASSETS

Cash and investments

\$ 29,735

FUND BALANCE

FUND BALANCE

\$ 29,735

VILLAGE OF PINCKNEY
LOCAL IMPROVEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED FEBRUARY 29, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Interest income	\$ 100	\$ 127	\$ 27
EXPENDITURES			
Miscellaneous	<u> </u>	<u>38</u>	<u>(38)</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	100	89	(11)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	7,900	8,250	350
Operating transfers (out)	<u>(7,500)</u>	<u> </u>	<u>7,500</u>
Total other financing sources (uses)	<u>400</u>	<u>8,250</u>	<u>7,850</u>
Excess (deficiency) of revenues over expenditures after other financing sources (uses)	500	8,339	7,839
FUND BALANCE, MARCH 1, 2003	<u>21,396</u>	<u>21,396</u>	<u> </u>
FUND BALANCE, FEBRUARY 29, 2004	<u>\$ 21,896</u>	<u>\$ 29,735</u>	<u>\$ 7,839</u>

SEWAGE
DISPOSAL SYSTEM
FUND

VILLAGE OF PINCKNEY
SEWAGE DISPOSAL SYSTEM FUND
BALANCE SHEET
FEBRUARY 29, 2004

ASSETS

CURRENT ASSETS

Cash - sewer receiving and operation savings	\$ 491,358
Accounts receivable - billings	174,959
Accounts receivable - special assessment	313,895
Due from other funds	7
Prepaid expenses	<u>7,929</u>

Total current assets	\$ 988,148
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RESTRICTED ASSETS

Cash - special assessments	355,534
Cash - capital replacement	<u>1,392,234</u>

Total restricted assets	1,747,768
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PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment	5,279,296
Less: accumulated depreciation	<u>(1,666,128)</u>

Net property, plant and equipment	<u>3,613,168</u>
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Total assets	<u>\$ 6,349,084</u>
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LIABILITIES AND FUND EQUITY

CURRENT LIABILITIES

Accounts payable	\$ 28,180
Bonds payable - current portion	20,000
Accrued interest payable	<u>12,235</u>

Total current liabilities		\$ 60,415
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LONG-TERM LIABILITIES

Payable from restricted assets	
Special assessment limited tax bonds	610,000
Less: current portion above	<u>(20,000)</u>

Total long-term liabilities		<u>590,000</u>
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Total liabilities		650,415
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FUND EQUITY

Retained earnings	
Reserved	459,976
Unreserved	<u>5,238,693</u>

Total fund equity		<u>5,698,669</u>
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Total liabilities and fund equity		<u>\$ 6,349,084</u>
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VILLAGE OF PINCKNEY
SEWAGE DISPOSAL SYSTEM FUND
STATEMENT OF CHANGES IN FUND EQUITY
FOR THE YEAR ENDED FEBRUARY 29, 2004

	Contributed Capital	Retained Earnings		Total
		Reserved	Unreserved	
BALANCE, MARCH 1, 2003	\$ 3,261,198		\$ 2,489,585	\$ 5,750,783
ADDITIONS				
Sewer billings			419,413	419,413
Miscellaneous income			4,543	4,543
Tap-in fees			60,865	60,865
Reclassification of contributed capital			3,261,198	3,261,198
Reclassification for legal contingency		459,976		459,976
DEDUCTIONS				
Operating expenses			(559,606)	(559,606)
Reclassification of contributed capital	(3,261,198)			(3,261,198)
Reclassification for legal contingency			(459,976)	(459,976)
OTHER				
Interest income			52,114	52,114
Interest (expense)			(29,443)	(29,443)
BALANCE, FEBRUARY 29, 2004	<u>\$</u>	<u>\$ 459,976</u>	<u>\$ 5,238,693</u>	<u>\$ 5,698,669</u>

VILLAGE OF PINCKNEY
SEWAGE DISPOSAL SYSTEM FUND
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED FEBRUARY 29, 2004

OPERATING REVENUES

Sewer billings	\$ 419,413
Tap-in fees	<u>60,865</u>

Total revenues	\$ 480,278
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OPERATING EXPENSES

Depreciation	141,181
Administrative costs	5,895
Equipment usage	9,940
Insurance	7,564
Labor costs	61,881
Audit fees	4,750
Legal fees	218,565
Miscellaneous	640
Repairs and maintenance	6,803
Subcontract services	43,719
Supplies	2,200
Telephone	1,371
Fuels and lubricants	1,182
Testing fees	10,175
Utilities	38,345
Lagoon and manhole work	3,619
Seminars and training	406
Equipment and tools	<u>1,370</u>

Total operating expenses	<u>559,606</u>
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Operating (loss)	(79,328)
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NON-OPERATING REVENUES (EXPENSES)

Interest income	52,114
Interest (expense)	(29,443)
Other revenue	<u>4,543</u>

Net non-operating revenues	<u>27,214</u>
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Net (loss)	(52,114)
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RETAINED EARNINGS, MARCH 1, 2003	<u>5,750,783</u>
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RETAINED EARNINGS, FEBRUARY 29, 2004	<u>\$ 5,698,669</u>
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VILLAGE OF PINCKNEY
SEWAGE DISPOSAL SYSTEM FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED FEBRUARY 29, 2004

CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES

Operating (loss)		\$ (79,328)
Adjustments to reconcile operating income to net cash from (used in) operating activities		
Other revenue	\$ 4,543	
Depreciation	141,181	
Changes in assets and liabilities		
(Increase) in prepaid expenses	(1,231)	
(Increase) in accounts receivable	(20,361)	
Decrease in due from other funds	254	
Increase in accounts payable	22,257	
(Decrease) in due to other funds	(4,055)	
(Decrease) in accrued interest payable	<u>(392)</u>	
Total adjustments		<u>142,196</u>
Net cash from operating activities		62,868

CASH FLOWS FROM (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES

Additions to system	(6,150)	
Repayment of bonds and note payable principal	(20,000)	
Interest paid	<u>(29,443)</u>	
Net cash (used in) capital and related financing activities		(55,593)

CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES

Interest on cash and investments	<u>52,114</u>	
Net increase in cash and cash equivalents		59,389

CASH AND CASH EQUIVALENTS AT MARCH 1, 2003	<u>2,179,737</u>
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CASH AND CASH EQUIVALENTS AT FEBRUARY 29, 2004	<u>\$ 2,239,126</u>
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VILLAGE OF PINCKNEY
SEWAGE DISPOSAL SYSTEM FUND
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
FOR THE YEAR ENDED FEBRUARY 29, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Sewer billings and penalties	\$	\$ 419,413	\$
Tap-in and various connection fees		60,865	
Interest income		52,114	
Other revenue		<u>4,543</u>	
Total revenues	<u>\$ 500,145</u>	<u>\$ 536,935</u>	<u>\$ 36,790</u>
EXPENSES			
Interest expense	\$	\$ 29,443	\$
Depreciation		141,181	
Administrative fees		5,895	
Equipment usage		9,940	
Insurance		7,564	
Labor costs		61,881	
Professional fees		223,315	
Miscellaneous		640	
Repairs and maintenance		6,803	
Subcontract services		43,719	
Supplies		2,200	
Telephone		1,371	
Fuels and lubricants		1,182	
Testing fees		10,175	
Utilities		38,345	
Lagoon and manhole work		3,619	
Seminars and training		406	
Equipment and tools		<u>1,370</u>	
Total expenses	<u>\$ 441,500</u>	<u>\$ 589,049</u>	<u>\$ (147,549)</u>

This schedule is prepared on a budgetary basis for the operating accounts of the enterprise fund and as such does not present the results of operations on the basis of generally accepted accounting principles but is presented for supplemental information.

WATER
FUND
VILLAGE

VILLAGE OF PINCKNEY
WATER FUND - VILLAGE
BALANCE SHEET
FEBRUARY 29, 2004

ASSETS

CURRENT ASSETS

Cash	\$ 437,919
Accounts receivable - billings	37,976
Prepaid expenses	7,599
Inventory	1,200
Special assessment - current	17,540
Special assessment - deferred	195,472
Due from other funds	<u>28</u>

Total current assets \$ 697,734

RESTRICTED ASSETS

Cash - capital replacement	801,576
Cash - construction	322,876
Cash - bond reserve	<u>186,239</u>

Total restricted assets 1,310,691

PROPERTY, PLANT AND EQUIPMENT

Water system	4,036,499
Equipment	<u>31,533</u>
	4,068,032
Less: accumulated depreciation	<u>(1,109,443)</u>

Net property, plant and equipment 2,958,589

Total assets \$ 4,967,014

LIABILITIES AND FUND EQUITY

LIABILITIES

Accounts payable	\$ 3,614
Due to other funds	2,028
Accrued interest payable	8,098
Bonds payable - current portion	<u>15,000</u>

Total current liabilities	\$ 28,740
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LONG-TERM LIABILITIES

Bonds payable - less current portion	<u>310,000</u>
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Total liabilities	338,740
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FUND EQUITY

Retained earnings	<u>4,628,274</u>
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Total liabilities and fund equity	<u>\$ 4,967,014</u>
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VILLAGE OF PINCKNEY
WATER FUND - VILLAGE
STATEMENT OF CHANGES IN FUND EQUITY
FOR THE YEAR ENDED FEBRUARY 29, 2004

	<u>Contributed Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
BALANCE, MARCH 1, 2003	\$ 4,216,977	\$ 382,682	\$ 4,599,659
ADDITIONS			
Water billings		144,237	144,237
Miscellaneous income		7,084	7,084
Tap-in fees		64,060	64,060
Reclassification of contributed capital		4,216,977	4,216,977
DEDUCTIONS			
Operating expenses		(204,300)	(204,300)
Reclassification of contributed capital	(4,216,977)		(4,216,977)
OTHER			
Agent fees		(400)	(400)
Interest income		37,442	37,442
Interest (expense)		(19,508)	(19,508)
BALANCE, FEBRUARY 29, 2004	<u>\$</u>	<u>\$ 4,628,274</u>	<u>\$ 4,628,274</u>

VILLAGE OF PINCKNEY
WATER FUND - VILLAGE
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED FEBRUARY 29, 2004

OPERATING REVENUES

Water billings	\$	144,237
Tap-in fees and meter purchases		<u>64,060</u>

Total revenues

\$ 208,297

OPERATING EXPENSES

Labor usage		39,790
Supplies		104
Seminars and training		432
Chemicals		4,211
Depreciation		105,691
Legal fees		3,219
Testing		1,812
Administrative fees		5,895
Auditors		3,750
Subcontracted services		3,302
Insurance		7,041
Dues and subscriptions		580
Telephone		669
Fuels and lubricants		1,212
Printing and publications		2,217
Water meters		5,466
Utilities		8,960
Repairs and maintenance		4,784
Miscellaneous		1,177
Computer supplies		1,000
Equipment usage		<u>2,988</u>

Total operating expenses

204,300

OPERATING INCOME

3,997

NON-OPERATING REVENUES (EXPENSES)

Miscellaneous income		7,084
Interest income		20,942
Interest income - SAD		16,500
Interest (expense)		(19,508)
Agent fees		<u>(400)</u>

Net non-operating revenues

24,618

Net income

28,615

RETAINED EARNINGS, MARCH 1, 2003

4,599,659

RETAINED EARNINGS, FEBRUARY 29, 2004

\$ 4,628,274

VILLAGE OF PINCKNEY
WATER FUND - VILLAGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED FEBRUARY 29, 2004

CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES

Operating income		\$ 3,997
Adjustments to reconcile operating income to net cash from (used in) operating activities		
Miscellaneous income/expenses	\$ 6,684	
Depreciation	105,691	
Changes in assets and liabilities		
Decrease in accounts receivable - billings	889	
(Increase) in prepaid expenses	(1,179)	
Decrease in due from other funds	406	
Increase in accounts payable	2,224	
(Decrease) in due to other funds	<u>(2,269)</u>	
Total adjustments		<u>112,446</u>
Net cash from operating activities		116,443

CASH FLOWS FROM (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES

Special assessment principal	21,859	
Special assessment interest	16,500	
Purchase of equipment	(5,389)	
Bond payment principal	(15,000)	
Bond payment interest	<u>(19,508)</u>	
Net cash (used in) capital and related financing activities		(1,538)

CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES

Interest on cash and investments	<u>20,942</u>
Net increase in cash and cash equivalents	135,847

CASH AND CASH EQUIVALENTS AT MARCH 1, 2003	<u>1,612,763</u>
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CASH AND CASH EQUIVALENTS AT FEBRUARY 29, 2004	<u>\$ 1,748,610</u>
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VILLAGE OF PINCKNEY
WATER FUND - VILLAGE
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
FOR THE YEAR ENDED FEBRUARY 29, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Water billings	\$	\$ 144,237	\$
Tap-in and various connection fees		64,060	
Interest income		37,442	
Miscellaneous		7,084	
		<u>7,084</u>	
Total revenues	<u>\$ 225,550</u>	<u>\$ 252,823</u>	<u>\$ 27,273</u>
EXPENSES			
Interest expense	\$	\$ 19,508	\$
Labor usage		39,790	
Agent fees		400	
Supplies		104	
Seminars and training		432	
Chemicals		4,211	
Depreciation		105,691	
Legal fees		3,219	
Testing		1,812	
Administrative fees		5,895	
Auditors		3,750	
Subcontracted services		3,302	
Insurance		7,041	
Dues and subscriptions		580	
Telephone		669	
Fuels and lubricants		1,212	
Printing and publications		2,217	
Water meters		5,466	
Utilities		8,960	
Repairs and maintenance		4,784	
Miscellaneous		1,177	
Computer supplies		1,000	
Equipment usage		2,988	
		<u>2,988</u>	
Total expenses	<u>\$ 202,316</u>	<u>\$ 224,208</u>	<u>\$ (21,892)</u>

This schedule is prepared on a budgetary basis for the operating accounts of the enterprise fund and as such does not present the results of operations on the basis of generally accepted accounting principles but is presented for supplemental information.

CURRENT
TAX
COLLECTION
FUND

VILLAGE OF PINCKNEY
CURRENT TAX COLLECTION FUND
BALANCE SHEET
FEBRUARY 29, 2004

ASSETS

ASSETS

Cash

\$ _____

LIABILITIES

LIABILITIES

Due to other fund

\$ _____

TRUST
AND
AGENCY
FUND

VILLAGE OF PINCKNEY
TRUST AND AGENCY FUND
BALANCE SHEET
FEBRUARY 29, 2004

ASSETS

ASSETS

Cash

\$ 42,707

LIABILITIES

LIABILITIES

Due to others

\$ 37,516

Due to other funds

5,191

Total liabilities

\$ 42,707

VILLAGE OF PINCKNEY

COMMENTS
AND
RECOMMENDATIONS

FOR THE YEAR ENDED FEBRUARY 29, 2004

PFEFFER • HANNIFORD • PALKA
Certified Public Accountants

John M. Pfeffer, C.P.A.
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July 12, 2004

Village of Pinckney
220 S. Howell
P. O. Box 108
Pinckney, Michigan 48169

Honorable Village Council:

In planning and performing our audit of the general purpose financial statements of the Village of Pinckney for the year ended February 29, 2004, we considered the Village's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on the internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. Those matters are as follows.

1. COMMENT

Cemetery records are not being maintained by plot.

RECOMMENDATION

The Village should keep cemetery records by plot and develop a plan to pay for cemetery maintenance in the future.

2. COMMENT

Financial records were not available for a component unit of the Village.

RECOMMENDATION

Financial records of the component unit need to be accessible for inclusion of the financial data for representation in the general purpose financial statements of the Village.

3. COMMENT

Legal service bills do not detail hours spent by attorneys and billing rates.

RECOMMENDATION

The village may wish to request law firms providing services to Village to provide this information on bills.

4. COMMENT

Utility billings/receivable could not be reconciled to the general ledger.

RECOMMENDATION

Detailed billing registers and outstanding balance reports need to be maintained and periodically reconciled to the general ledger.

5. COMMENT

The Village is a phase III government with GASB Statement No. 34 required to be implemented by the year ending February 28, 2005.

RECOMMENDATION

The Village may wish to consider planning for the impact of these financial statement requirements.

This letter does not affect our report dated July 12, 2004, on the general purpose financial statements of the Village of Pinckney.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and recommendations with various Village personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended solely for the information and use of the Village Council and is not intended to be and should not be used by any other party.

Pfeffer, Hanniford & Palka

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants